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SUBJECT: ESTONIAN DEFENSE MINISTER FORCE FOR CHANGE

Classified By: DCM Karen Decker for reasons 1.4 (b) & (d)

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¶1. (C) Summary. In the relatively short amount of time Minister of Defense Jaak Aaviksoo has been in office, he has taken significant steps to reform both the Ministry of Defense (MOD) and Estonian Defense Forces (EDF). Aaviksoo's priority for 2007 has been to create a military legal framework for the EDF. Lack of a clear legal framework has hitherto fore led to inter-agency friction, turf battles, and confusion between the MOD and EDF. For 2008, Aaviksoo's priority will be to tackle the EDF's growing personnel shortages, a problem becoming so acute the EDF is uncertain how it will meet its international commitments in over the next few years. End Summary.

¶2. (C) Since becoming Minister of Defense in April 2007, Jaak Aaviksoo has been pushing a reform agenda in the EDF and MOD. His close friendship with the current Commander of the Estonian Defense Forces (CHOD), General Ants Laaneots, has helped dampen the traditional friction and suspicion between the MOD and the EDF. Aaviksoo has also not hesitated in removing senior level MOD leadership to overcome institutional resistance to his vision. (Note: In September, after months of rumors that the Minister was planning to ?clean house,? Deputy Undersecretary Lauri Lindstrom was asked to resign. Lindstrom moved over to the Foreign Affairs Ministry where he is now the Director General for Policy Planning. End Note.) Andreas Kaju, a close Aaviksoo's advisor, describes Aaviksoo's reform motivation as a desire to leave behind a ?legacy? at the MOD. Aaviksoo's priority for 2007 has been to create a clear legal framework for the EDF. For 2008, he wants to address the EDF's critical personnel shortage.

The Priority for 2007: Bringing the Rule of Law

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¶3. (C) Other than two lines in the Estonian Constitution mandating a civilian-led military (with the President as Commander-in-Chief), Estonia has no code of military laws in place to cover the EDF and its activities ? including rules of engagement, chain-of-command and other critical issues. As a result, over the years, there has been significant tension between the MOD and EDF over the issue of civilian oversight and authority. Lt. Mari-Liis Poder, an EDF Reservist and military lawyer, whose casework is primarily MOD-EDF disputes, told us that cases often have to be referred to Estonia's Supreme Court for resolution. ?It's not that our military law is bad,? Poder opined, ?it's that we don't have any at all.? In his first address to the newly-elected members of parliament in April, President Toomas Hendrik Ilves highlighted this problem and called for a constitutional amendment to clarify the military chain-of-command.

¶4. (C) Past attempts by the MOD and EDF to deal with this legal vacuum and negotiate a military legal code have been unsuccessful. According to Kaju, Aaviksoo's highest priority for 2007 has been to solve this problem. Aaviksoo set up a closed committee consisting of Aaviksoo, CHOD General Ants Laaneots, each of their principal advisors, and a lawyer from the Ministry of Justice (MOJ). Kaju, who has sat in every meeting, remarked that CHOD Laaneots was skeptical from the start, but that his close relationship with Aaviksoo has played a key role in

getting the CHOD to cooperate. Kaju suggested that the CHOD's resistance to change is an offshoot of his ?old Soviet mentality.? Aaviksoo has spent significant time persuading CHOD Laaneots that the legislation is necessary for Estonia to be a normal NATO ally. The small committee has allowed both men to ?stick their necks out? and bypass some of the institutional resistance within the MOD and EDF.

¶15. (C) Kaju told us that he hopes the draft bill, called the Estonian Defense Services Act, will be ready to submit to the government before the end of the year. However, no one outside the committee has seen the draft bill yet and our working-level MOD interlocutors have expressed to us their frustration on being cut out of the loop.

#### The Priority for 2008: Personnel Shortages

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¶16. (SBU) According to our contacts at MOD, Aaviksoo's priority for 2008 is to address the EDF's growing personnel shortage problem. With a booming economy (an estimated 7.3% GDP growth in 2007) and a tight labor market, the EDF has not been able to compete with rising wages in the private sector. As a result, fewer conscripts are choosing to stay in the military when their obligatory year of service finishes. Moreover, in an MOD report released this summer, only 23% of those eligible for conscription were even characterized as fit for military service. Finally, the EDF's heavy reliance on its core 1,200 professional soldiers for staffing its most difficult foreign operations (Iraq and Afghanistan), has led many soldiers to leave the EDF after serving multiple and successive foreign tours.

¶17. (C) All this is making it increasingly difficult for Estonia to meet its current commitments to international foreign operations (reftel). The MOD and EDF already have had to suspend plans to form two reconnaissance platoons, an anti-tank platoon, an infantry platoon, and two fire control squads. Christian-Marc Liflander, MOD Policy Planning Director, candidly told us he does not know how Estonia will meet all its international and NATO operational commitments over the next two years.

¶18. (C) Over the last two years, the MOD's budget has increased by 30%. According to Kaju, however, the GOE will not allow the MOD to increase EDF and MOD salaries any further in the mid-term. ?Politically, the public cannot accept that soldiers continue to receive large salary increases year after year while teachers, doctors, and other civil service salaries remain the same,? Kaju explained. Therefore, Kaju said, the Minister is exploring a package of services and social benefits that could be offered in lieu of higher salaries (e.g., credits for higher education, housing allowances, better medical coverage, life insurance, etc.). However, Kaju admitted that Aaviksoo's own party, Isamaa-Res Publica Union (IRL), which is one of three members of the coalition government, might not support Aaviksoo in this move. ?Many IRL members suffer from the romantic notion that serving one's country in the military is an honor and this should be enough,? Kaju elaborated. However, the Minister is ready to stand up to his own party on this issue if need be, Kahju said. Our contacts in the Reform and Social Democrats (the other two members of the coalition) have indicated to us that their parties would be interested in exploring this solution.

¶19. (C) Comments. It is clear that Aaviksoo is extremely ambitious in his plans for reforming the Ministry. The drafting of the Estonian Defense Services Act and his stated desire to address personnel shortages will likely be important contributions in further modernizing Estonia's military, thereby making Estonia an ally which can play an increasing role in NATO and remain an important partner for us. However, his own advisors have admitted that he needs to tread carefully and not make a habit of bypassing the MOD and EDF, in order to avoid a backlash.

PHILLIPS